



IRISH LIFE INVESTMENT MANAGERS (ILIM)

The week that was – WEEK 29 (ending 17/07/2015)

“If you think you are too small to make a difference, try sleeping with a mosquito.” – Dalai Lama

Irish budget targets questioned by EU commission – The EU Commission has questioned the Government’s targets for the 2016 budget, saying they should take full advantage of strong economic growth to prioritise debt reduction and fiscal consolidation rather than the expansionary budget that’s expected.

Irish consumer spending jumps – According to the latest Visa Europe Irish spending index, Irish consumer spending rose by 5.6% in June compared with the same month last year. Visa measures spending on its debit and credit cards, and adjusts the index to also take account of cash spending so is a reasonable reflection.

Greek parliament approves new bailout reforms – Greece’s parliament approved a bill of tough reforms demanded by the country’s creditors in return for a new, third bailout to avoid bankruptcy. The measures include a painful mix of tax hikes, public spending cuts and pension/labour reforms in the stressed economy.

U.S. inflation rises for fifth straight month – The Labor Department in the U.S. announced that the Consumer Price Index rose 0.3% in June as the cost of gasoline and other goods increased. This strengthens the case for an interest rate hike this year after more than six years of near zero short-term interest rates.

U.K. jobless rate rises for first time in two years – Data from the Office for National Statistics showed Britain’s unemployment rate rose for the first time in more than two years (to 5.8%). It was the first time the jobless rate had risen since early 2013, shortly before the economy started to recover from the financial crisis.

China’s Q 2 growth higher than expected - China’s economy surprised on the upside in the second quarter, expanding 7% year-on-year, ahead of forecasts. The stock market crash at the end of the quarter may yet lead to more government stimulus providing a further potential economic boost but sentiment is still weak.

The Story of the week: Ireland has been ranked in 11th place out of 55 countries in the new Country RepTrak survey ranking nations by their reputation. The Republic was rated ahead of the U.K., Italy, Germany, Spain, Portugal, France and the U.S. The top 5 are Canada, Norway, Sweden, Switzerland and Australia with Iraq at no 55.

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Index Performances and Market Data*

Equity Markets (%)	2010	2011	2012	2013	2014	2015 YTD (to 16/07)
ISEQ	-3.0	0.6	14.7	35.8	16.8	26.7
FTSE 100	9.0	-5.6	6.0	18.7	0.7	5.7
Euro Stoxx 50	-0.1	-17.7	13.4	21.5	4.0	19.2
S&P 500	12.8	0.0	12.4	32.4	13.7	4.3
Nasdaq	16.9	-1.8	14.1	36.9	14.8	9.0
Nikkei	-3.0	-17.3	16.24	59.4	7.1	18.0
MSCI Emerging Markets	16.4	-20.4	13.8	-2.3	5.6	2.0
MSCI World	17.2	-7.62	12.1	26.3	10.4	6.6
Sovereign 10yr Bond Yields (%)	2010	2011	2012	2013	2014	2015 YTD
US	3.3	1.9	1.7	3.0	2.2	2.4
German	3.0	1.8	1.4	1.9	0.5	0.8
UK	3.4	2.0	1.9	3.0	1.9	2.1
Japan	1.1	1.0	0.7	0.7	0.3	0.4
Ireland	9.1	8.4	4.5	3.4	1.3	1.5
Italy	4.8	7.1	4.6	4.1	2.1	2.0
Greece	12.5	31.7	12.7	8.2	9.6	11.2
Portugal	6.6	13.4	6.9	6.1	2.7	2.6
Spain	5.5	5.1	5.4	4.1	1.6	2.0
Central Bank Rates (%)	2010	2011	2012	2013	2014	2015 YTD
ECB	1	1	0.75	0.25	0.05	0.05
Bank of England	0.5	0.5	0.5	0.25	0.50	0.50
US Federal Reserve	0.25	0.25	0.25	0.25	0.25	0.25
Foreign Exchange Rates	2010	2011	2012	2013	2014	2015 YTD
Euro/Dollar (€/\$)	1.34	1.30	1.31	1.37	1.21	1.08
Euro/Sterling (€/£)	0.86	0.83	0.81	0.83	0.78	0.70
Sterling/Dollar (£/\$)	1.56	1.55	1.61	1.65	1.56	1.56
IPD All Property Return (%)	2010	2011	2012	2013	2014	2015 YTD
Ireland	-2.4	-2.4	3.1	12.7	40.1	4.3 (Q 1)
UK	14.5	8.1	2.7	10.7	17.8	2.9 (Q 1)
US	14.8	14.5	5.3	11.4	11.2	3.1 (Q 1)

*Past performance is not a reliable guide to future performance